

7 March 1975

MEMORANDUM FOR: Acting Director/OCI
Director/OER
Director/OSR

SUBJECT : Southeast Asia Military Analysis

The attached draft memorandum to the Director (Attachment 1) represents the DDI's decision on the SEA military responsibilities. To give you additional information on how we are thinking, I am also attaching the note on how the proposed new unit might look and what its responsibilities would be (Attachment 2). If there are some problems we have not anticipated, I would like to know from each of you as soon as possible.

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PAUL V. WALSH
Associate Deputy Director
for Intelligence

Attachments

Distribution:

- 1 - Ea Addressee w/atts
- 1 - C/DDI Management Staff w/atts (for info)
- 1 - DDI
- 1 - DDI Chrono
- 1 - ADDI Chrono

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MEMORANDUM FOR: The Director
FROM : Deputy Director for Intelligence
SUBJECT : Southeast Asia Military Analysis
REFERENCE : Your Memorandum of 23 August 1974,
Subject: Financial Guidance for 1975
and 1976

1. In the reference memorandum, you asked me to consider and to submit my recommendations regarding the shifting to OSR of the positions in OER devoted to Southeast Asia military analysis.
2. I have taken the liberty of expanding this instruction to include a review of the entire DDI production office effort on Indochina military activities which, as you know, includes OCI as well as OER. Representatives of the offices concerned have completed a review of the question. I have reviewed their study and have discussed the various options with the Office Directors and the NIO/SEA. On this basis, I have decided to move the Indochina military analysis effort to OSR, effective 1 July 1975.
3. Despite the marked change in the tactical and strategic environment since the January 1973 ceasefire, the Agency continues

to be tasked with the production of reliable and timely intelligence on Communist and friendly forces in Indochina. There have, however, been a number of developments which have enabled us to make significant cutbacks in the resources devoted to intelligence production on the Indochina military problem. These include a lessened demand for in-depth research and basic studies on the military aspects of the Indochina problem, a significant decline in collection capabilities and assets, the development of a strong basic research capability in DIA, and a growing practice of producing interagency studies rather than independent CIA assessments. The cumulative effect of these factors has enabled me to reduce my production office resources committed to the Indochina military effort from a peak of about [redacted] positions in 1970 [redacted] 25X1A to the present level of [redacted] professional positions in OER and [redacted] 25X1A positions in OCI.

4. Cutbacks of this size mean, of course, that the much vaunted "Vietnam dividend" is pretty well spent. I do believe, however, that by transferring the Indochina military responsibility and refocusing its effort that some modest savings- [redacted] 25X1A could be realized immediately. I would propose to leave these

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savings in OER to help it to cope with the increasingly insatiable demand for economic intelligence.

5. It is my intention to establish in OSR/RAD a small unit

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[REDACTED] to handle the

Indochina military responsibility. This unit will function primarily as a producer of current intelligence but would have sufficient capability to make quality inputs to estimates and interagency assessments. In short, I envisage an operation that might be characterized as "current intelligence plus". To ensure that this expertise is available, the positions transferred to OSR will be filled by analysts with long experience on Indochina.

6. Implicit in this arrangement is a decision to rely on DIA for the production of basic research and intelligence on Indochina military. This decision obviously entails some risk, particularly if developments in Vietnam were to increase the demands on us for more in-depth studies. In that event we would, of course, find whatever resources were needed to do the job. With a cadre of seasoned experts in OSR, it would not be difficult for us to rebuild a basic research capability.

EDWARD W. PROCTOR
Deputy Director for Intelligence

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Note on the OSR/RAD Vietnam Military Unit

1. As stated in the DDI memorandum to the DCI, this unit would have the current intelligence reporting responsibility for Indochina military activities. In addition, the group would have sufficient capability to make CIA analytical inputs on the military aspects of Indochina NIEs, and other interagency military assessments on Indochina. In short, the new unit would absorb the OCI's existing current military intelligence responsibilities and OER's responsibilities for NVA and RVNAF OB in South Vietnam and analysis of military aid to North Vietnam.
2. In addition to its reporting in the Agency's current intelligence publications, the group would contribute to the OCI's Indochina Developments, and special support vehicles such as Whizzers and Alert Memoranda, and the biweekly CIA/DIA report on military developments in Indochina.
3. In terms of functional responsibilities, the decision to rely on DIA for basic intelligence studies means that the new unit would not attempt to retain OER's basic intelligence capabilities on the following subjects:

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- NVA/VC OB in South Vietnam
- NVA OB
- Communist and friendly OB in Laos
- NVA logistic system (excluding supply flows)
- Construction activities in North Vietnam and Laos
- Communist and friendly OB in Laos

4. The new group would be staffed

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To

give this group optimum capabilities, some of our experienced OER and OCI analysts should transfer to it. Likely candidates would be:

OCI

OER

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5. The chief of this group would, in addition to the normal review and supervisory responsibilities, be responsible for representation at interagency meetings and the coordination of intelligence products. A possible way to organize functional responsibilities would be:

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